Financial consumer protection and financial literacy in Asia in response to COVID-19
The abbreviations and terms in this report are used as follows:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
<td></td>
</tr>
<tr>
<td>ADBI</td>
<td>Asian Development Bank Institute</td>
<td></td>
</tr>
<tr>
<td>ACRA</td>
<td>Accounting and Corporate Regulatory Authority, Singapore</td>
<td></td>
</tr>
<tr>
<td>AFD</td>
<td>Agence Française de Développement, France</td>
<td></td>
</tr>
<tr>
<td>AFI</td>
<td>Alliance for Financial Inclusion</td>
<td></td>
</tr>
<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
<td></td>
</tr>
<tr>
<td>APRA</td>
<td>Australian Prudential Regulation Authority</td>
<td></td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>Region around the Western Pacific Ocean; may include the entire continent of Asia</td>
<td></td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
<td></td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission</td>
<td></td>
</tr>
<tr>
<td>ATM</td>
<td>Automated Teller Machine</td>
<td></td>
</tr>
<tr>
<td>AUS</td>
<td>Australian Dollar</td>
<td></td>
</tr>
<tr>
<td>BI</td>
<td>Bank Indonesia</td>
<td></td>
</tr>
<tr>
<td>BOJ</td>
<td>Bank of Japan</td>
<td></td>
</tr>
<tr>
<td>BOT</td>
<td>Thailand</td>
<td></td>
</tr>
<tr>
<td>G20</td>
<td>Group of 20</td>
<td></td>
</tr>
<tr>
<td>G2P</td>
<td>Government to Person</td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
<td></td>
</tr>
<tr>
<td>GPFI</td>
<td>Global Partnership on Financial Inclusion</td>
<td></td>
</tr>
<tr>
<td>HKMA</td>
<td>Hong Kong Monetary Authority</td>
<td></td>
</tr>
<tr>
<td>IA</td>
<td>Hong Kong Insurance Authority</td>
<td></td>
</tr>
<tr>
<td>IAIS</td>
<td>International Association of Insurance Supervisors</td>
<td></td>
</tr>
<tr>
<td>IFEC</td>
<td>Investor and Financial Education Council, Hong Kong, China</td>
<td></td>
</tr>
<tr>
<td>IOSCO</td>
<td>International Organization of Securities Commissions</td>
<td></td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
<td></td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
<td></td>
</tr>
<tr>
<td>IRDA</td>
<td>Insurance Regulatory and Development Authority, India</td>
<td></td>
</tr>
<tr>
<td>KYC</td>
<td>Know Your Customer</td>
<td></td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
<td></td>
</tr>
<tr>
<td>OECD/INFE</td>
<td>OECD International Network on Financial Education</td>
<td></td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
<td>Acronym</td>
</tr>
<tr>
<td>----------</td>
<td>------------------------------------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>BNM</td>
<td>Bank Negara, Malaysia</td>
<td>OJK</td>
</tr>
<tr>
<td>BPNG</td>
<td>Bank Papua New Guinea</td>
<td>JFSA</td>
</tr>
<tr>
<td>CBIR</td>
<td>China Banking and Insurance Regulatory Commission, China</td>
<td>MAS</td>
</tr>
<tr>
<td>CFFC</td>
<td>Commission for Financial Capability, New Zealand</td>
<td>MPFA</td>
</tr>
<tr>
<td>COVID-19</td>
<td>Corona Virus Disease, first detected in 2019</td>
<td>MSME</td>
</tr>
<tr>
<td>DFS</td>
<td>Digital Financial Services</td>
<td>PBC</td>
</tr>
<tr>
<td>ESCAP</td>
<td>Economic and Social Commission for Asia and the Pacific</td>
<td>PPE</td>
</tr>
<tr>
<td>ESG</td>
<td>Enterprise Singapore</td>
<td>RBI</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organisation</td>
<td>SEC</td>
</tr>
<tr>
<td>FE</td>
<td>Financial Education</td>
<td>SFC</td>
</tr>
<tr>
<td>FCP</td>
<td>Financial Consumer Protection</td>
<td>SGX RegCo</td>
</tr>
<tr>
<td>FEN</td>
<td>Financial Education Network, Malaysia</td>
<td>SME</td>
</tr>
<tr>
<td>FinTech</td>
<td>Financial Technology</td>
<td>UN</td>
</tr>
<tr>
<td>FMA</td>
<td>Financial Markets Authority, New Zealand</td>
<td>UNODC</td>
</tr>
<tr>
<td>FSB</td>
<td>Financial Stability Board</td>
<td>USD</td>
</tr>
<tr>
<td>FSC</td>
<td>Financial Services Commission, Korea</td>
<td>WFP</td>
</tr>
<tr>
<td>FSP</td>
<td>Financial Service Provider</td>
<td>WHO</td>
</tr>
</tbody>
</table>
Executive Summary

The COVID-19 pandemic has created financial and economic turmoil on a global scale, and economies in Asia-Pacific have not been spared.

Financially resilient consumers are less likely to face hardship in the event of a downturn, and more likely to be able to bounce back quickly when things start to improve. Data from the OECD/INFE 2020 International Survey of Adult Financial Literacy, collected before the pandemic, shows variations in people's financial resilience in the region, for example in terms of people struggling to make ends meet, having savings buffers to cover unexpected shortfalls or experiencing financial stress.

On top of pre-existing limited financial resilience, the pandemic had several implications that further affected consumers' financial situation, from widespread economic downturn and reduced economic activity (resulting in greater unemployment rates), to an increase in financial frauds and scams. At the same time, some vulnerable groups have been more strongly affected than others. These include MSMEs in certain sectors (such as food, tourism and retail), children and young people, migrants and their families, women and girls and the digitally excluded including seniors.

To support consumers during these challenging times, policy makers and public authorities across Asia-Pacific have quickly developed multifaceted responses, incorporating a range of social protection and economic support mechanisms. Financial regulators and supervisors had an important role in the overall response by implementing procedures designed to protect and inform financial consumers. The focus has been on ensuring that, in the wake of the pandemic, consumers were treated fairly, that access to financial services was provided at lower or no cost to reduce consumers' overall outgoings, that information and guidance on available support schemes was widely available from reliable sources and that consumers were helped to avoid scams.

Provision of financial education has also been an important component of the policy response to the pandemic. In order to limit physical interaction, policy makers in Asia-Pacific have found effective ways of changing the method of financial education delivery, focusing on digital content or switching towards a digital-centric approach.

Furthermore, jurisdictions in the region have put in place a variety of interventions focused on supporting consumers of specific financial services, such as credit, insurance, investments and retirement savings. For example, new schemes have been developed to facilitate access to credit for those who needed it, and credit providers have been encouraged or required to offer moratoria on repayments or interest. In some economies, MSMEs have been given the option to defer repayments or restructure loans, access credit where needed, and protect assets in case of default. While such efforts have managed to support many financial consumers weather the immediate consequences of the crisis, there are potential long-term consequences on the horizon that policy makers will need to consider.
The following policy considerations are put forward for economies in Asia-Pacific to consider now and in the future:

- Treat the crisis as a learning opportunity by continuing to monitor the evolution of consumers’ financial resilience through data collection and measurement. The crisis is also an opportunity to review the approaches to build emergency action plans and longer term policies to strengthen the financial resilience of financial consumers ahead of future crises.

- Aim high, and remain committed to protecting the most vulnerable, with a focus on supporting a more inclusive financial services sector and bolstering households’ financial resilience in the face of changing personal circumstances.

- Continue to inform, guide and educate consumers in a timely manner, for example through regular announcements and guidance on financial matters. This will be especially important as emergency relief measures will be phased out.

- Capitalise on the benefits of digitalisation for digital financial services and digital delivery of financial education, while keeping a close look on potential risks arising from increased digital interactions and digital exclusion.
1. Introduction

The multifaceted challenges brought about by the COVID-19 pandemic have created financial and economic turmoil on a global scale, and economies in Asia-Pacific have not been spared.¹ Periods of lockdown and the enforced closure of workplaces across the public and private sector, combined with the permanent closure of those businesses unable to weather the storm, have created high levels of unemployment and financial insecurity for employers, employees and independent workers, including those working informally.

Borrowers, savers, insurance customers, retail investors, pension fund members and the financially excluded have all been impacted to some extent. Existing bills and repayments have become unmanageable for many people, whilst access to credit is difficult for those in precarious positions, limiting options to make ends meet if income falls or essential expenditure increases. Market uncertainty has resulted in fluctuating stock market prices and exchange rates, further weakening the purchasing power of some households, and potentially reducing the value of rainy-day funds. Conversely, some households with secure incomes or high levels of government support and a significant reduction in weekly expenditure due to social distancing rules, have noticed an increase in disposable income, leading to unanticipated opportunities to save and an increased focus on investment and retirement products.

Governments in Asia-Pacific have recognised the importance of supporting consumers in this time of uncertainty and instability. Policy makers have acted swiftly to mitigate some of the negative financial consequences of the actions taken to halt the spread of the COVID-19 virus. Initiatives include social transfers for vulnerable groups who have been unable to earn their usual income, wider access to free healthcare and subsidies on essentials such as utilities and food. Financial regulators and supervisors have played an important role in the overall response by implementing procedures designed to protect and inform financial consumers, the focus of this report.

The G20/OECD Task Force on Financial Consumer Protection² and the OECD International Network on Financial Education (OECD/INFE)³ are monitoring the policy and practice responses to the pandemic. This process is designed to encourage information sharing between jurisdictions and identifying good practices that could be used more widely to support tailored, comprehensive policy responses.

---

¹ Detailed statistics charting the increase in COVID-19 in Asia-Pacific is available from the Center for Strategic and International Studies on the following link: Southeast Asia Covid-19 Tracker | Center for Strategic and International Studies (csis.org)

² Further information about the work of the G20/OECD Task Force on Financial Consumer Protection is available online: https://www.oecd.org/finance/financialconsumerprotection.htm

³ Further information about the work of the OECD International Network on Financial Education (OECD/INFE) is available online: https://www.oecd.org/financial/education/
Box 1.1. Guidance and recommendations related to financial resilience

The “OECD Recommendation on Financial Literacy” is the latest OECD policy instrument focused on the needs of financial consumers. It offers a comprehensive policy instrument on financial literacy designed to assist in the development, implementation and evaluation of financial literacy policies (OECD, 2020). The instrument, adopted by the OECD Council at Ministerial level on 29 October 2020, is relevant for all economies in Asia-Pacific and beyond seeking to maintain and improve financial resilience during and after the COVID-19 pandemic. It complements various other instruments developed by the OECD, particularly the G20/OECD High-Level Principles on Financial Consumer Protection (OECD, 2011).

The G20/OECD High-level Principles on Financial Consumer Protection were developed shortly after the Global Financial Crisis. They were endorsed by G20 Leaders in 2011 and adopted by the OECD in the form of a Recommendation in 2012. The Principles are the primary international standard for comprehensive financial consumer protection frameworks and provide important guidance for policy makers. They remain as relevant during this current crisis as they have been over the previous decade. For example, Principle 3 covers the Equitable and Fair Treatment of Consumers, which states that ‘Treating consumers fairly should be an integral part of the good governance and corporate culture of all financial services providers and authorised agents.’


More detailed guidance in relation to borrowers is available in the OECD Recommendation of the Council on Consumer Protection in the field of Consumer Credit (OECD, 2019). This makes nine suggestions in relation to fair treatment, noting, for example ‘Embed principles of equitable and fair treatment of customers in all requirements regulating the relationship between providers of consumer credit or credit intermediaries and consumers, including as regards transparency (before, during and after the point of sale), advertising, advice and other selling practices, remuneration, conflicts of interest, handling of arrears and defaults, and corporate governance’. In the context of financial resilience during this current crisis, the handling of arrears and defaults is particularly relevant.

Other relevant sources of guidance include the G20/OECD INFE Policy Guidance on Digitalisation and Financial Literacy (OECD, 2018), the G20 Fukuoka Policy Priorities on Aging and Financial Inclusion (G20, 2019), and the G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs (G20, 2020).

Further information about OECD legal instruments can be found online: https://legalinstruments.oecd.org/en/. Relevant G20 documents are available from the G20 GPFI website: https://www.gpfi.org/publications/.
Method and sources

The paper builds on recent OECD publications (OECD, 2020; OECD, 2020; OECD, 2020; OECD, 2020). It reports the results of:

- Analysis of information collected by the OECD on policy and practice responses implemented by economies in Asia-Pacific in response to the COVID-19 pandemic (responses to two stocktaking surveys):
  - The G20/OED Taskforce circulated a questionnaire to G20, OECD and FSB member institutions, OECD regional technical assistance project members, IAIS market Conduct Working Group members, Access to Insurance Initiative members, IOSCO Committee 8 members, the World Bank and the Alliance for Financial Inclusion. They received responses from 64 jurisdictions, including 10 economies covered in this report: Australia (ASIC), Hong Kong, China (HKMA; IA, MPFA, SFC), India (IRDA, RBI), Indonesia (BI, OJK), Japan (JFSA), New Zealand (FMA), Papua New Guinea (BPNG), Singapore (MAS), Korea (FSC), China (CBIRC, PBC). This questionnaire is described as the ‘G20/OECD FCP questionnaire’ in the rest of this report.
  - The OECD/INFE circulated a questionnaire to full and regular members and received 49 responses, including full or partial responses from 9 economies covered in this report: Australia (ASIC), Bangladesh (SEC), Hong Kong, China (IFEC), India (RBI), Japan (BoJ), Malaysia (BNM), New Zealand (CFFC) Singapore (MAS) and Thailand (BoT). This questionnaire is described as the ‘OECD/INFE questionnaire’ in the rest of this report.

- Information presented during two online webinars on financial inclusion, consumer protection and education in Asia-Pacific organised by the OECD with experts from the region, described as the ‘OECD webinars’ in the rest of this report.

- Data on relevant aspects of financial resilience, drawn from the 2020 OECD/INFE international financial literacy survey (OECD, 2020). The various analyses include data from Hong Kong, China; Indonesia; Korea; Malaysia; and Thailand, depending on availability of data. This survey is described as the ‘OECD/INFE financial literacy survey’ in the rest of this report.

- Desk-based research to identify:
  - information and data on Asia-Pacific economies regarding the impact of the COVID-19 on financial consumers.
  - Policy and practice responses designed to help consumers to weather the immediate effects of the crisis and manage in the longer-term.

This desk-based research draws on reports from multiple sources, including various International Organisations, academia, research institutes, the not-for-profit sector and the media.

As the COVID-19 pandemic and resulting crisis is ongoing and the various sources of information cover different economies and time periods, any list of economies facing a particular challenge or implementing a policy in this report should be seen as illustrative rather than definitive.

---

2. Financial resilience in the face of multiple challenges

Financial policy makers have an important role to play in making sure that individuals, households and micro-enterprises are protected by an appropriate FCP framework and have the tools to build and maintain their financial resilience, even in the face of major shocks such as the COVID-19 pandemic (OECD, 2020; OECD, 2020). Consumers are more likely to be able to build resilience in environments where they trust the financial services sector, receive clear communications about their financial products and related financial matters, feel that they have been treated in a fair and transparent manner, can access financial services that are properly tailored to their physical and financial needs and where mistakes are rectified promptly. Access to high quality information, advice and guidance also plays an important role in helping those with lower levels of financial literacy to improve their financial acumen and work on their financial resilience. Financially resilient consumers are less likely to face hardship in the event of a downturn, and more likely to be able to bounce back quickly when things start to improve.

This chapter first explores available data relating to financial resilience in several Asia-Pacific economies before the pandemic, and then goes on to consider the implications of the pandemic on financial resilience and the groups that have been hardest hit.

Financial resilience prior to the pandemic

Financial resilience depends on a combination of personal circumstances and a supporting policy agenda that combines FCP and social protection. The extent to which the three elements interact and their relative significance varies by economy.

Findings from the OECD/INFE financial literacy survey, which was implemented before the pandemic, show distinct variations in people’s financial resilience by economy (OECD, 2020). The findings suggest that some populations were much better prepared than others to weather the unexpected COVID-19 pandemic and ensuing crisis in terms of factors such as their tendency to save, success in building a savings buffer and their avoidance of financial fraud. In some economies, individual financial stress was already high, and it was not uncommon for people to report that they had struggled to make ends meet.

Financial behaviours that build resilience

The questionnaire used for the OECD/INFE financial literacy survey includes several questions about whether the respondent acts in ways that could build financial resilience, such as keeping track of finances, putting money aside for the future and making long-term financial plans (OECD, 2018). Most respondents from participating economies in Asia-Pacific were keeping track of their finances before the onset of the pandemic across the participating jurisdictions, but in Korea, just 47% indicated that they did so (Figure 2.1). This could be problematic during an economic downturn or in the event of fraudulent activity, as discrepancies are likely to go unnoticed.

The five participating economies showed a strong saving habit, with more than 80% of respondents in each economy reporting that they had personally saved money in the past 12 months. However, people may have been saving only occasionally or for relatively short periods of time, possibly to smooth cash
flow, as no more than 72% had long-term financial plans in any of the five economies, falling to just 40% of respondents in Korea.

**Figure 2.1. Behaviour related to financial resilience**

Weighted percentages, sorted on ‘keeping watch’.

Note: The economies listed are those that participated in the OECD Survey. % responding positively that they ‘keep a close personal watch on my financial affairs’, have been personally saving money in the past 12 months; ‘set long-term financial goals and strive to achieve them’ (OECD, 2018). 

Source: (OECD, 2020).
**Struggling to make ends meet**

Many respondents in participating Asia-Pacific economies had faced at least one period when their income did not meet their living costs in the 12 months prior to the survey (Figure 2.2). This had occurred to at least half of all respondents in Indonesia (58%) and Thailand (50%).

Households take various approaches to try to make ends meet, from drawing down on savings through to borrowing money or cutting back on essentials. Unfortunately, they all reduce financial resilience in the short-term in one way or another, making it increasingly likely that further shocks will be unmanageable.

**Figure 2.2. Struggling to make ends meet**

Weighted percentages.

---

**Note:** Economies listed are those that participated in the OECD Survey. % responding positively to the question ‘Sometimes people find that their income does not quite cover their living expenses. In the last 12 months, has this happened to you, personally?’

**Source:** (OECD, 2020).
The OECD/INFE financial literacy survey highlights further gaps in financial resilience. When participants were asked how long they could cover their living expenses without borrowing if they lost their main income, a large percentage answered that they did not know (22% of respondents in Malaysia and Indonesia gave this answer) (Figure 2.3). This high level of uncertainty is a concern and suggests that even when people believe that they are keeping track of their finances, they do not necessarily attempt to think about possible future scenarios. Additionally, a large proportion of respondents were aware that they could not manage for even one week (46% of respondents in Indonesia gave this response), although there was also a significant difference across economies. On average, people in Hong Kong, China and Korea were significantly more resilient than those in Malaysia and Indonesia. Indeed, over half of respondents in Hong Kong, China (55%) could cope for 6 months or more if they lost their main source of income.

Figure 2.3. Having a financial buffer to cover unexpected shortfalls

Weighted percentages, sorted on ‘about a week’.

Note: Economies listed are those that participated in the OECD Survey. Derived from % choosing the option ‘less than a week’; ‘at least a week, but not 1 month’; ‘at least 1 month; but not 3 months’; ‘at least 3 months but not 6 months’ or ‘6 months or more’ or spontaneously saying ‘don’t know’ to the question ‘if you lost your main source of income, how long could you continue to cover your living expenses, without borrowing any money or moving house.

Source: (OECD, 2020).
Financial stress was relatively common before the pandemic. In Malaysia, almost three in five respondents worried about normal expenses (59%), whilst 67% of respondents in Indonesia were concerned that their money would not last (Figure 2.4). A considerable percentage of people felt that they were just getting by financially, ranging from 19% in Korea to 42% in Indonesia.

Figure 2.4. Financial stress

Weighted percentages, sorted on ‘worrying about normal expenses’.

Note: Economies listed are those that participated in the OECD Survey. % agreeing to statements ‘I tend to worry about paying my normal living expenses’, ‘I am concerned that my money won’t last’ and ‘I am just getting by financially’.

Source: (OECD, 2020).
Victims of financial fraud

Financial resilience can be badly knocked by financial fraud. The OECD/INFE financial literacy survey asked respondents about several scenarios which may have led to them becoming victims of such crimes. The results show significant variations across economies. In Hong Kong, China, for example, almost nobody reported that they had found themselves in one of the scenarios described (Figure 2.5). However, almost a quarter of all respondents in Indonesia had accepted fraudulent financial advice, and around 1 in 10 respondents in Malaysia and Indonesia had accidently provided personal information to potential fraudsters. Misuse of payment details was the least common issue facing respondents, but this had still been a problem for one in 20 people in Malaysia.

Figure 2.5. Victim of fraud

Weighted percentages, sorted on ‘accepted advice to invest in scam’.

Note: Economies listed are those that participated in the OECD Survey. % agreeing to statements ‘Accepted advice to invest in a financial product that you later found to be a scam, such as a Ponzi scheme?'; Accidentally provided financial information in response to an email or phone call that you later found out was not genuine?’ and ‘Discovered that someone has used your details to pay for goods without your authorisation?’.

Source: (OECD, 2020).

The financial implications of the pandemic

Widespread economic downturn

The economic consequences of the pandemic are stark. The OECD predicted a contraction in ASEAN GDP for 2020 of 3.4% in 2020, and a smaller but still important decrease of 1.7% across Emerging Asia (Table 2.1). Wide variations were expected by economy. The Philippines for example was projected to post the sharpest GDP contraction in 2020 (-9.0%) whilst China was set to report positive annual growth for 2020 (1.8%). Cambodia was expected to have the sharpest contraction across the CVLM economies (-2.9%). Currently, however, the outlook for 2021 is more positive, according to the OECD, with real GDP growth of 5.1% forecast across ASEAN and annual growth anticipated in every economy (Table 2.1). High levels of growth are also anticipated in other Asia-Pacific economies for 2021 and 2022 (Table 2.2).
Table 2.1. Real GDP growth in ASEAN 2019-21

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>5.0</td>
<td>-2.4</td>
<td>4.0</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.3</td>
<td>-5.2</td>
<td>7.0</td>
</tr>
<tr>
<td>Philippines</td>
<td>6.0</td>
<td>-9.0</td>
<td>5.9</td>
</tr>
<tr>
<td>Thailand</td>
<td>2.4</td>
<td>-6.4</td>
<td>4.5</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>7.0</td>
<td>2.6</td>
<td>7.0</td>
</tr>
<tr>
<td>Brunei Darussalam</td>
<td>3.9</td>
<td>1.8</td>
<td>3.1</td>
</tr>
<tr>
<td>Singapore</td>
<td>0.7</td>
<td>-5.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Cambodia</td>
<td>7.1</td>
<td>-2.9</td>
<td>5.4</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>5.5</td>
<td>0.6</td>
<td>5.0</td>
</tr>
<tr>
<td>Average ASEAN-10</td>
<td>4.7</td>
<td>-3.4</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Note: Data are as of 5 January 2021. Data for India and Myanmar relate to fiscal years. The projections for Indonesia are based on the OECD Economic Outlook, December 2020.

Source: (OECD, 2021).

Table 2.2. Real GDP growth in Asia-Pacific 2020-2022

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>-2.5</td>
<td>4.5</td>
<td>3.1</td>
</tr>
<tr>
<td>Japan</td>
<td>-4.8</td>
<td>2.7</td>
<td>1.8</td>
</tr>
<tr>
<td>Korea</td>
<td>-1.0</td>
<td>3.3</td>
<td>3.1</td>
</tr>
<tr>
<td>China</td>
<td>2.3</td>
<td>7.8</td>
<td>4.9</td>
</tr>
<tr>
<td>India</td>
<td>-7.4</td>
<td>12.6</td>
<td>5.4</td>
</tr>
</tbody>
</table>

Source: (OECD, 2021).

The IMF predicted that, as a result of the various measures designed to stop the spread of COVID-19, the global economy would shrink by more than 4% in 2020 and Asia-Pacific economies would shrink by 2.2% (IMF, 2020). Their analysis indicates that voluntary social distancing played the same role as lockdowns in driving the resulting recession. Furthermore, they anticipate that recovery will occur at different speeds depending on ‘infection rates and containment measures, the scale and effectiveness of the policy response, reliance on contact-intensive activities, and reliance on external demand’, and that globally, unemployment will remain elevated in 2021 (IMF, 2020; IMF, 2020). Recent analysis by the Asian Development Bank echoes this concern, suggesting a significant reduction in GDP in ‘developing Asia’, with a loss of 6.0% to 9.5% of regional GDP in 2020 and 3.6% to 6.3% in 2021 (ADB, 2020). It is within this context that public authorities across Asia-Pacific continue to monitor the impact of the pandemic on financial consumers (Box 2.1).
Box 2.1. Monitoring the impact of the pandemic on financial consumers

Almost all respondents to the G20/OECD FCP questionnaire (96%) and all respondents from the Asia-Pacific region are monitoring financial consumer detriment and risks resulting from COVID-19. A wide range of risks are under scrutiny across the various regulators and supervisors responding to the questionnaire including:

**Supply-side risks:**

- Financial stability and financial institution liquidity (Hong Kong, China; New Zealand, India; Japan), conduct risk (New Zealand; Singapore), disruption to physical financial service provision and fallibility of online provision (China; Hong Kong, China; India; Japan; Singapore), availability of credit for SMEs (Japan).

**Demand-side risks:**

- Default-risk on personal or business debt (China; Korea; India; Indonesia; Papua New Guinea; Singapore), consumer confidence (New Zealand); possible lapse in insurance premium payments (India); speculative investment risks (Singapore).

**Other risks:**

- Scams and fraud (Australia; China; Hong Kong, China; Indonesia; New Zealand, Singapore), online consumer protection and data security (Indonesia, Singapore); infection risk in financial institutions (Singapore); cashflow pressures and fluctuating market conditions for small businesses (Hong Kong, China; Singapore).

Most economies report that existing data sources have been used to monitor these risks. These include data collected by national statistics offices, regulators, supervisors and other public authorities, financial institution data, data from financial intermediaries and customer complaints data. Industry organisations, credit reporting bureaux, consumer organisations and stock markets are also providing valuable information in some jurisdictions. In addition, New Zealand is also drawing on social media metrics.

The results of the OECD/INFE questionnaire also show that some authorities with responsibility for FE have been monitoring the impact of the pandemic. CFFC in New Zealand implemented a survey on the impact of COVID-19 on financial well-being (Galicki, 2020), and also commissioned user surveys to gauge the reaction to new FE content and identify future needs.

Note: The information in this box is drawn from responses to an open-ended question. Economies are only listed if respondents spontaneously mentioned that they are monitoring this risk. Other economies may also have such monitoring in place. Monitoring may have also been implemented or stopped since the response was submitted.

**Weakened financial resilience**

Financial resilience has been knocked from all sides by the pandemic. Many employers have been forced to cut hours and lay-off workers as their key business dried up. The self-employed have not been spared; the restrictions imposed by the pandemic have prevented some from operating at all and significantly changed the ways in which others can operate. Even some of those who could continue to work have experienced a reduction in demand as incomes elsewhere have been squeezed. Almost three quarters
(73%) of households across ASEAN reported an income decline in 2020 (ADBI, 2020)\(^5\), with large variations by economy in the region. For example, 57% of employees in Myanmar lost their job, compared with just 3% in Viet Nam, and in Myanmar 85% of households faced a reduction in income compared with 33% in Viet Nam (Lydia, Lugo, & Uochi, 2020). A survey of microfinance customers in Lao PDR found that 75% experienced a reduction in their primary income and 66% used up their savings.\(^6\) In New Zealand, 13% of adults lost at least a third of their earned income after taking into account wage subsidies, whilst a further 25% had experienced a smaller reduction in income (Galicki, 2020).

Alongside income shocks, expenditure shocks have added additional stress in some households. For example, estimates suggest that 98 million children in Asia and the Pacific have been deprived of their school meal, and the cost of feeding children who would have usually received a free school meal increased low-income household expenditure by as much as 10% (FAO, UNICEF, WFP and WHO, 2020). Healthcare and funeral costs have also created an additional financial burden for some households, and these may be compounded with cultural expectations that friends and family provide financial support in times of crisis.

Over half of ASEAN households experienced financial difficulties as a result of the pandemic (55%) (ADBI, 2020). Half of those facing an income shock (50%) resorted to drawing down on their savings, whilst more than a third deferred payments and debt repayments (35%) and a similar proportion sought government aid (34%).

The proportions deferring payments and requiring aid may continue to rise considerably. ADBI found that 50% of households only had resources to cover their expenses for a maximum of one month, and household research in South East Asia and the Pacific found that more than half of households in Cambodia, Indonesia and Myanmar were cutting down on food consumption to deal with the impact of the crisis (ADBI, 2020; Lydia, Lugo, & Uochi, 2020). Similarly, research from Timor-Leste found that, in July 2020, 70% of respondents had sometimes reduced the size of a meal or skipped one altogether because of a lack of money in the preceding 30 days (The Asia Foundation, 2020). Research by the ASIC found that 38% of Australian households were showing signs of financial stress as a result of COVID-19.\(^7\)

With the increase in unemployment and market volatility, pension funds have also been under pressure (OECD, 2020; Feher & de Bidegain, 2020). This has created difficulty in keeping funds solvent during the worst of the crisis, potentially creating longer term issues for the funds and their members, and again impacting on the future resilience of households in Asia-Pacific and globally.

**Increase in fraud and scams**

Respondents to the G20/OECD FCP questionnaire in the Asia-Pacific region and speakers participating in the OECD webinars have identified various scams targeting vulnerable consumers during the pandemic. Some play on consumers’ desire to seek high returns on their investments and avoid future periods of uncertainty (Australia, Indonesia), or on their willingness to support others through charitable donations (China).

Attempts to steal sensitive information, extract payments for non-existent goods and embed malware through COVID-19 related emails, voicemails and SMS messages appear to have increased during the pandemic in some economies (Australia; China; Japan; Korea; Singapore). These include messages

---

\(^5\) Countries covered in the ADB survey: Cambodia, Indonesia, Lao People’s Democratic Republic, Malaysia, Myanmar, Philippines, Thailand and Viet Nam. Survey completed May-July 2020.

\(^6\) See presentation from LMFA during the Webinar on Financial education, financial consumer protection and financial inclusion policies and National Strategies in CLMV countries, 23 Feb 2021 presentations-webinar-on-fe-and-fcp-in-CLMV-countries-2021.pdf (oecd.org)

claiming to offer refunds for travel and those offering personal protection equipment (PPE) (China; Hong Kong, China; Japan).

Respondents have also been alerted to fraudulent activity designed around real or fictional government support. For example, in Australia, where certain consumers have been granted exceptional rights to release funds from their superannuation, fraudsters have been cold-calling people to try to access their account information. India has faced issues around fraudulent offers to help people to access ‘regulatory relief’. Japanese authorities have had reports of scammers presenting themselves as representatives of the Labour Bureau offering COVID-19 subsidies and PPE and asking people to provide bank account information. In New Zealand, misleading statements have been circulated, particularly in Chinese language press, falsely claiming that people need insurance to cover emergency medical bills for COVID-19. Scammers in Singapore have been impersonating Ministry of Health contact tracing officials and requesting for financial information from individuals. Fraudsters in India have stolen bank account details from people seeking to take up the offer to defer their credit repayments during the pandemic.

People seeking loans to get them through this difficult period are also being targeted by criminals. In Korea, the FSS has received reports of illegal lending operations in relation to COVID-19 whilst in Indonesia scammers are setting up illegal pawn shops or mimicking peer-to-peer lending platforms and charging users a joining fee to access loans that do not exist.

Additionally, there has been a large growth in illegal entities in some jurisdictions. Regulators in Indonesia for example, have identified 1,159 illegal FinTechs and 363 illegal investment products.8

**Changing behaviour patterns**

The limitations on daily life and changing financial circumstances have also impacted consumer behaviour across Asia-Pacific. The OECD reported a fall in private consumption in the Philippines (-5.9 percentage points) and Malaysia (-2.8 percentage points), as well as smaller reductions in Indonesia and Thailand in the first three quarters of 2020 (OECD, 2021). The same report also notes that the strong growth in e-commerce that was apparent in Asia-Pacific before the pandemic has continued, with ASEAN seeing an increase from 38% to 44% in e-commerce penetration between 2019 and 2020.

Data from a YouGov tracker in six economies9 in Southeast Asia also suggest that spending patterns changed significantly during the pandemic, with almost half (47%) of all consumers reducing their physical purchases and a smaller proportion (30%) increasing online shopping (Yendamuri, Keskawarakoon, & Lim, 2020). The same study noted a twofold increase in shopping for essentials online in May/June 2020 and 40% of survey respondents had tried different brands. Additionally, almost all (84%) had tried a new app (driven primarily by increased demand for digital communications), including 28% trying a food delivery app for the first time and 27% using digital payments for the first time. Another study in Indonesia, Japan, Korea, Philippines, Singapore and Thailand found that consumers were spending less on luxury items, meat and fish (WARC, 2020).

It appears that consumers anticipate maintaining some of their new behaviours in the future. Around 4 in 10 adults in Australia and Japan (38% and 40% respectively), almost 6 in 10 in China (57%) and 7 in 10 in India (68%) reported that they will shop instore less often in the future (Mastercard, 2020). Data from the Philippines also shows that the volume of ATM withdrawals fell by a quarter (24%), whilst cheque transactions fell by 67% and electronic fund transfers increased by 87%. National data from the Philippines also supports other findings highlighting a large increase in online shopping (41%), and reports suggest that 4.6 million accounts were opened digitally in 2020.

---

8 Information reported during the Webinar on financial education, financial consumer protection and financial inclusion policy responses to the COVID-19 pandemic in Asia-Pacific, 9 February, 2021

9 Indonesia; Malaysia; Philippines; Singapore; Thailand; Viet Nam.
People also appear to be changing their behaviour because of new health concerns, stress, panic or boredom. In New Zealand, the Commission for Financial Capability has recognised the need to focus on reducing anxiety in order to prevent people from making panic decisions such as withdrawing their pension savings. Anecdotal reports also suggest that online gambling has gone up in some economies in the region during the pandemic, and industry experts are predicting that Asia-Pacific is now the largest growth region for such activities.\(^\text{10}\)

**The hardest hit**

The pandemic has had global implications, but the negative financial consequences of unemployment, reduced income and expenditure shocks have hit some people harder than others. A reduction in the opportunity to interact with financial services in-branch and rapid increase in the use of digital solutions has also had a negative impact on some groups.

**Differences across industries, and by size of business**

In general, industries where teleworking is not an option, and those relying on contact with customers in enclosed spaces have fared particularly badly during the crisis. Responses to the OECD/INFE questionnaire indicate that across all participating economies, those working in industries affected by the lockdown, such as food, tourism and retail have been badly hit by the financial consequences of the pandemic. Hong Kong, China reported that SMEs in these industries encountered particular problems, whilst New Zealand noted that workers in tourism and the hospitality industry faced widespread unemployment. Findings reported during the OECD webinars indicate that the worst hit sectors in Indonesia were accommodation, food and drinks, transportation and warehousing.

Similarly, those working in transportation, accommodation, food services and construction across East Asia and the Pacific were observed to have faced difficulties (Lydia, Lugo, & Uochi, 2020; IMF, 2020). In Lao PDR, a survey of microfinance customers found that workers in commercial farming, retail and the self-employed were the worst affected in rural locations, whilst public sector employees, wholesale and retail trading and services were most impacted in urban areas.\(^\text{11}\) Drilling down a little more, particular industries have also faced redundancies and income shortages due to specific changes in their operations or consumer base. For example, supply chain disruption has led to job loss in the garment industry in Cambodia (ADB, 2020); changing consumer habits have reduced the income of motorcycle taxi drivers in Indonesia, many of whom are still faced with outstanding credit on their vehicle; and reports from New Zealand indicate that fruit and vegetable farmers faced issues harvesting their crops due to a lack of seasonal workers. The income of some rural populations has also fallen because they have been unable to access to their urban markets due to travel restrictions and lockdown (ILO and ESCAP, 2020).

Research undertaken across 8,000 households in ASEAN economies also highlighted other vulnerable groups (ADBI, 2020). Household businesses and the self-employed were more likely than others to report a decrease in income because of the pandemic (83%), followed by farmers and fishermen (60%), wage earners (59%) and remittance recipients (56%). Research from Mongolia found that small businesses suffered more than larger firms (Joffre & Luvsandorj, 2020). Data from the Indonesian National Bureau of

---

\(^{10}\) See for example Globe Newswire report Feb 15 2021 ‘Online Gambling Market Research Report by Game, by Device, by Payment Mode - Global Forecast to 2025 - Cumulative Impact of COVID-19 | Benzinga’ which notes that ‘Asia-Pacific is expected to grow at the fastest CAGR [compound annual growth rate]’.

\(^{11}\) See presentation LMFA during the Webinar on Financial education, financial consumer protection and financial inclusion policies and National Strategies in CLMV countries, 23 Feb 2021 presentations-webinar-on-fe-and-fcp-in-CLMV-countries-2021.pdf (oecd.org)
Statistics also indicated widespread negative impacts on micro and small enterprises, with 84% reporting a drop in income, 33% laying off staff and 30% needing to restructure loans.\(^\text{12}\)

**Young people**

The restrictions placed on children and youth in many economies have significantly affected access to education and may have negative consequences for their learning. The potential long-term financial impact of reduced educational attainment can be significant.

The OECD reports that some degree of primary or secondary school closure occurred during the pandemic in China, India and every ASEAN economy (OECD, 2021). As a result of the widespread move to online learning, students with limited access to the internet and those who lack a place to study are likely to face further educational disadvantages that may lead to lower grades and reduce their future employment prospects.\(^\text{13}\) This is particularly worrisome given that Asia already had one of the highest percentages of youth not in education, employment or training (IMF, 2020). In the context of the current crisis, negative outcomes may be compounded by difficulties created from growing up in households facing unexpected financial hardship.\(^\text{14}\)

In their response to the OECD/INFE questionnaire, Hong Kong, China reported that young people graduating from schools in 2020 have fewer job opportunities because of the economic impact brought about by the pandemic. UNICEF notes that both the health and economic consequences of the pandemic are undoing considerable progress in South Asia and negatively impacting the futures of 600 million children (UNICEF, 2020). Save the Children warn that ‘Across the region and beyond, the financial calamity engulfing many households is leading to broader social impacts, such as deepening income inequality, rising domestic violence, and social unrest’ (Blomqvist, Chughtai, & Rahman, 2020). Other reports point to the increased likelihood of child labour following a financial crisis due to factors such as the death of parents, exploitation and increased likelihood of dropping out of school (Idris, 2020). The widespread implications of the pandemic may also impact negatively on youth mental health (see Box 2.2 for more information on the financial implications of mental health issues).

---


\(^\text{13}\) 50% of households with children in ASEAN reported that their children stopped attending school, and only 62% of households with children said that the school was offering online learning (ADBI, 2020). Poor internet connectivity and lack of appropriate hardware prevented 27% of children with access to online schooling from attending all classes.

Box 2.2. Financial resilience, COVID-19 and mental health

Meta-analysis of a wide range of studies from different economies undertaken before the pandemic indicates that people in debt are three times more likely to have mental health problems than those who are not in debt (Richardson, Elliott, & Roberts, 2013). One in four of those with mental health problems are in debt compared with fewer than one in 10 of those without such health issues (9%). Statistical analyses of the data show that the difference cannot simply be explained by age, gender or differences in economic status.

Additional research suggests that mental health deteriorates among people with financial difficulties, and that the stress of financial difficulties has a larger impact than the amount of debt (Richardson, Yeebo, Jansen, Elliott, & Roberts, 2018).¹

There has been widespread reporting that the current pandemic and the emergency policies put in place to reduce infection have been detrimental to mental health as well as to financial resilience.² Drawing on the research evidence, it is likely that income and expenditure shocks caused by the pandemic have not only affected people’s ability to cope financially, they have had an impact on some people’s mental health. This may have been further exacerbated by factors such as pre-existing mental health issues, physical health issues that put some people in high-risk categories for COVID-19 and the uncertainty that characterises this sanitary and financial crisis.

Creating policies to tackle the complex interaction between mental health and financial resilience requires a comprehensive approach designed with experts from both medicine and finance. This could include measures to improve health literacy³ and insurance literacy⁴, as well as approaches to help people to moderate spending and safely prioritise repayments in times of hardship.

2. The Mental Health Impacts of COVID 19 (oecd.org)
3. For discussion on health literacy, see for example: Health Literacy for People-Centred Care (2018)
4. For guidance on insurance literacy see for example, (OECD, 2020) which abrogates the 2008 Recommendation of the Council on Good Practices for Enhanced Risk Awareness and Education on Insurance Issues OECD Legal Instruments

Migrants and their families

Many households in Asia-Pacific rely heavily on remittances, including the families of 18 million economic migrants from the Philippines, Indonesia, Myanmar and Viet Nam who are working abroad (UN, 2020) and many Pacific Islanders (IMF, 2020; Ferrer, 2020).

Ferrer notes that in Canada, many migrant workers from Asia-Pacific are working in essential services and have therefore remained employed throughout the pandemic, and data from the State Bank of Pakistan indicates that remittances in 2020 were significantly higher than in 2019 (Abbas, 2020). Nevertheless, according to statistical modelling reported by ADB in August 2020, remittance receipts in Asia and the Pacific would fall by 54.3 billion USD if the impact of COVID-19 continued all year (Villafuerte & Takenaka, 2020). The loss of remittance income impacts workers and their families, including children (Blume & Moussa, 2020). Migrants themselves face a number of challenges as a result of the pandemic. Whether they have moved to seek economic opportunity or safety in another country, they are less likely than nationals to receive social welfare payments or economic support in the face of financial difficulty. They may also be forced to return home, further increasing unemployment levels and adding to the social security burden in their country of origin (UN, 2020; Ferrer, 2020).
In India, large numbers of internal migrants have also lost their jobs. A report from April 2020 indicates that 100 million such migrants were returning to their rural homes, jobless as a result of the pandemic (UNDP, 2020). With no income and no possibility of being supported by their family, financial hardship is inevitable for many of these workers and the households that relied on them.

**Women and girls**

Women are often less financially resilient than men, since they typically earn less money over the lifecycle and are less likely to be in a position to save and invest for the longer-term. They also take on more of the responsibility for caring for children and older adults than men, on average (ADB, 2020). As a result of the pandemic, women are more likely than men to have reduced their working hours to care for children being home-schooled and elderly relatives vulnerable to the health consequences of COVID-19 (ASEAN, 2020; APEC, 2020). Women also make up the majority of workers in some of the industries that have suffered the largest losses, and women-led MSMEs are more likely to be in these industries (Lydia, Lugo, & Uochi, 2020; APEC, 2020). Consequently, women have been worse hit than men as a result of the pandemic. The IMF reported a 1.3 percentage point decline in female labour participation rates in Asia between December 2019 and June 2020, compared with 1 percentage point decline among males (IMF, 2020).

A survey of customers of a microcredit provider in India in April 2020 found that 66% of women had lost more than half of their income (Rhyne, 2020). Research in Myanmar found that 30% of female owned businesses had seen a reduction in demand, and 34% faced difficulties repaying loans and buying goods.15

In addition to the financial difficulties facing women at this time, there are also concerns for the future for many girls. In particular, observers note that some parents trying to address the negative financial impact of COVID-19 may keep girls from school or force them into early marriage (Blomqvist, Chughtai, & Rahman, 2020).

**The digitally excluded and digital newcomers including Seniors**

Many policy responses designed to minimise contamination during the pandemic have relied on rapid digitalisation, including the expansion of digital financial services (DFS) for both individuals and MSMEs (OECD, 2020). This requires consumers and entrepreneurs to be willing and able to transition to this new approach. If certain groups are unable to accept the change, or lack access to, and familiarity with the necessary tools, it can create inequalities and vulnerabilities.

Seniors may be particularly vulnerable in this regard. In most economies, digital exclusion is more prevalent among older consumers rather than their younger counterparts, and in rural rather than urban environments (which are typically characterised by ageing populations) (G20, 2019; G20, 2020). Responses to the OECD/INFE Questionnaire from Hong Kong, China, for example, indicate that seniors who previously shopped and managed their financial products face-to-face may have found it difficult to transition to the digital methods required because of the pandemic.

In some countries, women are more likely to be excluded from digital tools than men (OECD, 2018). Other groups, including the urban poor, may also face difficulties, and may not have network connectivity or access to the necessary hardware such as a smartphone or tablet computer. Certain disabilities can also limit the extent to which people can use digital tools unless they are designed to take into account diverse needs (G20, 2019).

A rapid shift in behaviours towards online tools can also create new dangers for people who are unfamiliar with the processes required and the expectations placed on them. People who are naïve to the risks are more likely to become victims of data theft and other fraudulent activities, for example, and may create a

---

15 Reported by ONow during the Webinar on Financial education, financial consumer protection and financial inclusion policies and National Strategies in CLMV countries, 23 Feb 2021 presentations-webinar-on-fe-and-fcp-in-CLMV-countries-2021.pdf (oecd.org)
data footprint that has long-term consequences (OECD, 2020). They may also be more susceptible to digital marketing messages such as those aiming to encourage the take-up of unnecessary credit.

**Positive indications**

Whilst there are multiple new challenges facing people due to the pandemic, various data show that some households have exhibited considerable financial resilience. For example, some have been successful in finding alternative sources of income: 8.7% of respondents in Indonesia who had previously worked had switched jobs since the pandemic, and the percentages were similar in Cambodia (7.0%) and Viet Nam (6.9%) (Lydia, Lugo, & Uochi, 2020).

Some of the changes created by the response to the pandemic may eventually result in long-term improvements in financial resilience. The response to the OECD/INFE questionnaire from New Zealand, for example, indicates that whilst household savings were low before the pandemic, the reduction in opportunity to spend means that many households have had money spare at the end of the month, and thus realised that they could save for the future. Furthermore, whilst some households have had no option but to make exceptional withdrawals from their pension pots, the pandemic has also triggered increased engagement with retirement savings accounts and new demand for financial knowledge in New Zealand, indicating that this period may be an ideal time to encourage new behaviours and a focus on financial resilience for the long-term. Similarly, in Australia there has been an increase in engagement with retirement accounts, and some adults sought to save more or renegotiate home loans. There is also some positive news from the Philippines – a survey conducted by the Central Bank in October 2020 found that more middle-income Filipinos and those with higher incomes were saving for the future than had been the case in July; unfortunately, however, this improvement was not observed among lower-income households (FinDev Gateway, 2020).
3. Policy responses to maintain financial resilience

Many of the financial consequences of the pandemic are too significant for people to address without support. Recognising this, policy makers across Asia-Pacific have quickly developed multifaceted responses, incorporating a range of social protection and economic support mechanisms such as access to free food and healthcare provision, direct cash disbursements, additional unemployment benefits, emergency loans and the possibility to defer payments on outstanding commitments (Box 3.1).16 Policy responses from financial regulators and supervisors have been an important component of the overall approach, designed to protect and inform financial consumers and maintain financial resilience, in line with recent OECD policy guidance on responses to the crisis (OECD, 2020; OECD, 2020).17

---

16 Deloitte have developed a valuable summary of regulatory policy responses to the pandemic in Asia-Pacific COVID-19: Updates on regulatory and supervisory responses in Asia Pacific - Issue 2 | Deloitte SEA | Financial Services.

17 The OECD website includes information on financial consumer protection policy responses from over 50 economies globally Financial Consumer Protection responses to the Covid-19 crisis - OECD.
Social protection is a vital part of the overall policy response to halt the spread of COVID-19, by making it financially viable for households to change their working patterns and follow the rules to maintain social distancing (IMF, 2020). Statistical models by the IMF indicate that measures targeted at unskilled workers are the most effective in reducing mortalities and will also reduce the depth of the recession.

UNDP reports that across Asia-Pacific emergency social protection has typically involved expanding unemployment benefits and support for job hunters, payments to top-up incomes reduced by the crisis and tax breaks to employers to encourage them to retain workers (UNDP, 2020).

ILO found that 40 economies within the Asia-Pacific region introduced benefits to workers and/or their dependents to support them during the crisis (ILO and ESCAP, 2020). Other support has also been provided, including (but not limited to) benefits for vulnerable people and those living in poverty (30 economies), and wage subsidies (19 economies). More than half of the programmes put in place were new or offered new benefits (56%), one quarter represented adjustments to existing programmes (24%), whilst the remaining reflected adjustments to spending or administration (16% and 4% respectively) (ILO and ESCAP, 2020).

A UNODC study of policy responses in Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste and Viet Nam found that they all offered emergency support in the form of cash payments (including e-payments) or grants (UNODC, 2020). Singapore and Hong Kong, China introduced one-off universal basic income schemes (UNDP, 2020).

Several governments also significantly broadened their free healthcare cover, particularly in relation to COVID-19 (ILO and ESCAP, 2020), and some economies, including Brunei Darussalam, Cambodia, China, Malaysia, Myanmar and Viet Nam suspended or reduced individual contributions to pension funds and/ or social protection or offered tax breaks (for example in Cambodia, Indonesia, Lao PDR, Myanmar, Thailand), (OECD, 2020; ASEAN, 2020). Electricity bills were also waived temporarily for households in Indonesia, Malaysia, Myanmar, Singapore, and Thailand, and Singapore provided transport vouchers for seniors (ASEAN, 2020). Thailand has also created a scheme that pays 50% of the cost of household purchases at local shops for registered buyers and sellers, up to a maximum of 150 BHT per day and total of 3,500 BHT. As of January 2021, this scheme was supporting 14 million shoppers and has been successful in incentivising both merchants and consumers to use digital payments.

Various vulnerable groups have been targeted with support by policy makers, including parents with school-age children, seniors, the disabled and people who do not own their own home (ILO and ESCAP, 2020; OECD, 2020). Japan subsidised paid leave for employees and provided income support to freelance workers affected by school closures, and Korea offered direct income support to working parents and low-income parents who needed to look after children (UNDP, 2020). In some cases, Governments targeted specific vulnerable groups or locations as a way of reaching households reliant on informal earnings (IMF, 2020). Since informal work is still common in many economies in the Asia-Pacific region, there has been considerable innovation among some Governments to support those who normally fall outside the social security safety net. ILO report examples from Thailand, Sri Lanka and Viet Nam where existing administrative data was used to verify informal workers’ rights to support (ILO and ESCAP, 2020). Digital identifications (IDs) have helped economies such as India to reach vulnerable groups with financial support, as well as increasing consumers’ ability to use non-cash payments (IMF, 2020).

Some economies have also recognised the specific needs of children. In Cambodia, for example The Ministry of Social Affairs, Veterans and Youth Rehabilitation established a working group on Child Protection Emergency Preparedness and Response to the COVID-19 (Kim, et al., 2020).
Indonesia increased the reach and value of its cash transfer programme for families. The Kartu Sembako program is now reaching 20 million families and paying 200,000 IDR per month, up from 150,000 IDR before the crisis (UNICEF USA, 2020). Mongolia provided a six month increase in its monthly cash transfer for families from 20,000 MNT to 100,000 MNT. Meanwhile, the Myanmar Digital Education Programme has been developed to ensure that young people do not miss out on their education. It not only provides digital education materials but also offers a USB drive with all the materials loaded on it for those without an internet connection and sends textbooks and workbooks with instructions for self-paced learning (OECD, 2021). Guidance has also been developed to address the needs of students with specific learning needs.

The policy responses have offered a lifeline to households in times of need, but that they are not without challenges, and existing levels of support are unsustainable for Governments in the longer term. It is difficult to ensure that all, (and depending on the design, that only), the intended beneficiaries receive social protection (UNODC, 2020). It has also been reported that the design of some interventions and multiplication of agencies involved can lead to unintended consequences. The IMF has commented that in parts of Asia-Pacific ‘support targeted to vulnerable segments of society has been deficient, highlighting underdeveloped health and social institutions, weak financial inclusion, and high levels of informality’ (IMF, 2020). ILO has also found that it could be more profitable in the short term to become jobless than be furloughed in some places, because of differences in the ways in which benefits have been calculated (ILO and ESCAP, 2020).

The role of financial regulators and supervisors

All economies in Asia-Pacific responding to the G20/OECD FCP questionnaire implemented at least one FCP measure in response to the pandemic. These included paying special attention to fair treatment in these exceptional times, offering specific support for users of different financial services and products and increasing access to general information and specific guidance. This is consistent with the overall results of the survey, which indicate that globally, public authorities see their main roles in addressing the current crisis as monitoring and supervising market conduct; creating, amending and implementing regulations and laws; and providing general guidance (OECD, 2020). Responses to the OECD/INFE questionnaire also indicate that policy makers rapidly took steps to maintain or adjust FE delivery in the face of emerging challenges. FSPs have also played their part in changing practices to maintain consumers’ financial resilience and reduce the risk of spreading the COVID-19 virus (Box 3.3).

Cross-sectoral approaches

Treating customers fairly

The fair treatment of consumers is a fundamental building block of financial consumer protection, and one that received particular attention during the pandemic. Various policy initiatives have been put in place to reinforce existing approaches across Asia-Pacific.

In China, banks have been required to strengthen the industry-wide self-discipline mechanism, uphold market order, make customers aware of beneficial products and refrain from launching inappropriate financial marketing campaigns by taking advantage of the epidemic. In addition, they were asked to keep their consumers informed of changes to their services, manage consultations and complaints effectively and make reasonable adjustments to support vulnerable consumers. Such adjustments could include changing operating hours, improving functions of self-service machines with larger fonts, simplified web pages with clear guidance, providing an appointment service and offering door-to-door service in special cases. Reassuringly, consumer research from July 2020 in China suggests that the majority of...
consumers found that their banks were acting at, or above their expectations (McKinsey and Company, 2020).18

The Financial Markets Authority (FMA) in New Zealand wrote to chief executive officers of regulated firms, retail banks, insurers and industry associations reminding them of the need to consider the changing circumstances of customers, as well as focusing on operational resilience and risk management in light of the ongoing pandemic.

Lenders and credit bureaux have also been reminded of the need to treat financial consumers fairly during these difficult times. In Australia, for example, an emergency provision by the Australian Prudential Regulation Authority (APRA) has been designed to protect credit users from being penalised for taking up the offer to suspend repayments as part of a COVID-19 support package, by stating that the bank need not treat the period of the repayment deferral as a period of arrears or restructuring. Additionally, such deferrals will not affect credit ratings for home loans, credit cards and personal loans if the customer was up to date on repayments before taking up the offer. Similarly, in China, banking institutions have been told not to downgrade risk ratings, submit a bad credit record, or collect penalty interest on deferred loans during the pandemic. Default credit reporting has been relaxed in Papua New Guinea. In Myanmar, the Financial Regulatory Department issued a directive and guidelines in October 2020 to ensure that institutions do not engage in forced collections.19

**Reducing outgoings related to financial services**

In addition to the support offered to credit users, measures have been implemented to keep retail banking costs and fines to a minimum and reduce consumers’ overall outgoings on financial services. In Australia, some banking customers have been granted access to money in term deposits without paying the usual fees for withdrawal, whilst in Singapore, up until the end of 2020, low-income customers could apply for fee waivers if they faced bank charges for falling below minimum balance thresholds or having insufficient funds to cover automatic payments. Banks in China were encouraged to waive cash withdrawal fees. Hong Kong, China also ensured that financial consumers were not penalised as a result of difficulties created by delays to postal services during lockdown. Various banks have also unilaterally offered customers various forms of support including fee waivers and special rates on money transfers.20

---

18 The report also found that consumers in India and Indonesia reported that their banks were acting at, or above their expectations.

19 **How Consumer Protection Has Driven Maha’s COVID-19 Response | Center for Financial Inclusion**

Box 3.2. Managing the risk of contamination

Policy makers have moved quickly to reduce the risk of contamination in financial service settings through increasing the availability of different access channels and promoting use of contactless payments.

Minimising physical contact

Many public authorities have been encouraging consumers and financial service providers to avoid using branches and in person services where possible to halt the spread of COVID-19. In Hong Kong, China; India; Japan and Singapore, for example, customers have been encouraged to use phone or internet banking rather than visit a branch. Promotional activities that require physical visits to branches have also been discouraged in Hong Kong, China. In the case of Japan, the Minister for Financial Services made a statement encouraging financial service users to use non-face-to-face financial services such as online services, call centres and ATMs as a result of the expanded state of emergency announced on 16 April 2020. Essential branch-based banking has also been modified to support social distancing in some jurisdictions, including Japan and Hong Kong, China.

The Securities and Futures Commission (SFC) and The Stock Exchange of Hong Kong Limited have provided guidance on delaying general shareholder meetings for a reasonable period. Companies have been asked to take practical precautions when meetings are arranged, to ensure the safety of attendees, including mandatory body temperature screening and use of face masks and physical distancing. Similarly, in Singapore, listed entities with financial year-ends failing on or before 31 March 2020 could delay their annual meetings for up to two months in order to implement alternative arrangements. The Monetary Authority of Singapore (MAS) has worked with Accounting and Corporate Regulatory Authority (ACRA), Singapore Exchange Regulation (SGX RegCo) and other government ministries to introduce legislative provisions to provide legal certainty to enable listed and non-listed entities to hold general meetings that comply with the Ministry of Health’s safe distancing measures.

Making use of digital solutions

Across jurisdictions, financial service providers have been required or encouraged to improve or strengthen their online presence and support, and to offer secure online deposit and payment options and digital statements to minimise the need for branch-based transactions. Digital solutions have also been used by regulators to supervise and monitor financial services.

In some economies, payment providers have been allowed or required to expand the use of contactless channels and increase the limits on contactless payments. Some retailers and industries in Australia have moved to accepting only contactless payments, and Australia has also given some providers permission to issue unsolicited payment cards to facilitate electronic access to funds.

Payment services in China have been encouraged to charge reduced payment service fees for certain businesses in some regions to incentivise electronic payments. Regulators are also benefiting from digital solutions by preferring videoconferencing over more traditional site-visits.

In Hong Kong, China, Managed Pension Fund trustees have been urged to open more electronic channels to assist employers in making use of digital means to handle contributions. They have also been advised to provide clear procedures or instructions to employers managing monthly contributions during adjustments in working arrangements, to avoid mistakes and defaults.

In Indonesia, the Financial Services Authority (OJK) has put rules in place to ensure that all financial services are able to operate in ways that minimise the spread of the virus, by maximising the use of digital solutions and minimising the number of staff in branches. Support has also been made available to increase non-cash disbursement of social support and some e-payment providers have dropped fees. Bank Indonesia has also promoted several digital transformation initiatives, including: digital
payments through the launching of Quick Response Code Indonesia Standard (QRIS) to ease payment across different payment providers which includes a contactless payment feature. BI also supports broader MSME and public access to the digital economy and financial services through collaborative support between the banking and FinTech industries; and the digitalisation of payments in various sectors including for the distribution of social aid program also known as G2P (Government to Person) 4.0.

Thailand has expanded access to digital payments as part of its ongoing work to encourage digital financial inclusion. 20 million consumers have access to e-payments using only their mobile phone number, with a system built on blockchain; and the market has quickly reduced the price of this service to zero. The main payment providers have agreed to a standardised QR code system to allow contactless payments for small transactions such as motorcycle taxi rides.

Viet Nam has put in place policies to support digital payments and promote a wider digital transformation. These include amendments to the regulations on the use of digital IDs and digital Government to Person (G2P) payments.

Sources: G20/OECD FCP questionnaire (2020) and OECD webinars

Providing timely information, guidance and warnings

All respondents to the G20/OECD FCP questionnaire and the OECD/INFE questionnaire in the Asia-Pacific region have provided consumers with general information to help them to manage their finances during the pandemic. Furthermore, as discussed during OECD webinars, information and education campaigns were often the first approach taken to support financial consumers as they could be put in place more quickly than other responses. However, it was noted that in some cases information about forthcoming support was provided too soon, leading to confusion from those who had anticipated benefitting from specific initiatives before they were available.

Dedicated pages on existing websites have been used widely to communicate to a broad audience. These have often been complemented with tools such as blogs, social media, interviews, press releases and press conferences to disseminate or reinforce certain messages. Indonesia, for example, launched a comprehensive COVID-19 communication campaign including social media posts and an updated chatbot to respond to financial questions related to the pandemic.

Some policy makers have reported that the increased communication has coincided with an increase in the proportion of consumers complaining directly to the regulator or ombudsman rather than following the expected procedure of addressing issues with their provider first.

Some jurisdictions provided guidance about alternative ways to access financial service providers when branches were closed, updates about special dispensations, and specific product-related information. For example, the Council of Financial Regulators in Australia (APRA, ASIC, RBA and the Australian Treasury) informed the public about their commitment to clear, accurate and timely information and the expectation that insurance claims were handled fairly and in line with the statutory and common law duty of utmost good faith. Pension fund trustees in Australia were also required to assess how members’ insurance might be affected the pandemic, and then communicate their findings to consumers in a clear and balanced manner. In India, a press-release was used to inform insurance customers about office closures due to the lockdown. It also provided information about alternative means of accessing services, the extended grace period for unpaid insurance premiums and a faster claim settlement process.

Focusing on digital financial literacy

Many policy makers have recognised that the rapid shift towards digitalisation should be combined with appropriate information and guidance, and some economies now provide training around digital financial
literacy to support consumers switching to DFS. Indonesia has launched a digital literacy campaign, promoted by public and private sectors stakeholders. Myanmar has recognised the importance of digital financial literacy in ensuring that consumers can manage the rapid transition to digital payments and e-commerce that have resulted from the pandemic and is currently developing a strategy on digital and financial literacy. Stakeholders and international donors such as the European Union, IFC and Youth Business International are supporting consumers, including migrants and MSMEs to improve these skills.

In the Philippines, a Safe at Home campaign focused specifically on safe e-payments, and included information such as what to do in the event of unauthorised credit card transactions or sending money to the wrong recipient. In Malaysia, there are medium to longer term efforts underway to close the digital divide and support groups that are not digitally literate, whilst in Thailand, infographics are being used to show people how to bank online and use digital financial products safely.

Adapting the content and delivery of financial education

Financial education is an important component of the policy response to the pandemic. It aims to support financial resilience and ultimately build financial well-being by helping people to develop the knowledge, behaviour and attitudes that together make up financial literacy (OECD, 2020; Atkinson & Messy, 2012). A financially literate person will budget and plan for the future, save (when feasible), take steps to avoid borrowing to make ends meet, and know how to recognise scams and fraud; they will also understand the importance of making changes to their budget in the event of income or expenditure shocks (OECD, 2016).

In Japan, the pandemic has encouraged a concerted effort to improve financial literacy and resilience across the generations, as many savers prefer to hold cash and deposits despite the continuing low-interest rate environment, with the results that their assets do not grow over time. Consumers need to become more confident in investing for the long-term, especially given increasing longevity.

Bank Negara Malaysia and its Financial Education Network (FEN) have put in place a comprehensive dissemination strategy to provide key information during the pandemic. They identified various challenges faced especially by lower income households, the self-employed, and MSMEs and worked together to deliver relevant information. Topics covered include prudent financial and debt management, planning for the future, insurance and takaful protection, and investment. The aim of this approach was to improve financial resilience and accelerate acceptance of DFS whilst also increasing awareness of the risks that digitalisation may create. Financial education has also been used in Malaysia to help consumers to navigate the various relief measures available and support MSMEs trying to access new financing. Targeted messages and guides have been used to explain the Economic Stimulus Packages (especially relating to a loan repayment moratorium and Special Relief Fund) and recommend avenues for consumers to seek help and advice. Assistance and advisory services, implemented in partnership with relevant regional agencies and authorities to help MSMEs with cash flow management through various financing and relief facilities, accelerate adoption of digital channels for business transactions and payment, and suggest options to generate alternative/new income where required.

In the Philippines, the notion of resilience is being addressed through policies designed to build financially healthy Filipinos who plan and prioritise needs over wants; use a range of financial tools, products and services; manage existing debts and have access to potential resources; balance income and expenses; manage and recover from financial shocks; and build wealth and maintain reserves.

In addition to disseminating specific information or guidance, public authorities have also sought ways to provide ongoing access to their usual FE programmes. Across Asia-Pacific, the pandemic forced stakeholders to cancel or postpone face-to-face FE. Consequently, it has accelerated a general trend

---

21 Ideally, consumers would be trained in the use of new tools before being expected to use them, but the speed with which the situation evolved meant that sometimes the training followed the changes.

22 See, for example, the presentation from ONow during the Webinar on Financial education, financial consumer protection and financial inclusion policies and National Strategies in CLMV countries, 23 Feb 2021 presentations-webinar-on-fe-and-fcp-in-clmv-countries-2021.pdf (oecd.org)
towards digital delivery that started many years ago with the creation of informative websites and consumer comparison tools, and has developed over time to incorporate social media campaigns, interactive digital applications and even artificial intelligence and robo-advice (OECD, 2021).

Changing the method of delivery can be time consuming and incur high costs in the first instance. However, many economies in Asia-Pacific have found effective ways of doing so at short notice. Their experiences are helpful for other jurisdictions seeking to move towards integrating digital content or switching towards a digital-centric approach.

- In **Hong Kong, China**, IFEC offered a wide range of face-to-face FE initiatives prior to the pandemic, and a digital transformation has taken place to deliver FE under the pandemic. Also, COVID-19 has become one of the topics covered in digital promotions and communications including a new online campaign with the overarching theme, “Keep your finances in good shape under COVID-19”. Webinars have replaced face-to-face seminars as much as possible, with interactive elements such as polling and chat to keep participants engaged. A blog series has offered a wide range of practical tips and advice around money management, investment, insurance, credit management, online shopping and healthy diets under COVID-19.23 Furthermore, the digitalisation of the IFEC’s existing education resources is expected to continue in the medium-and long-term to increase remote learning opportunities, and facilitate programme implementation by teachers, parents and NGOs.

- The Bank of **Lao PDR** has switched to digital FE delivery as a result of the pandemic, and report that technology-based tools contribute to raising financial literacy levels and can help individuals to make more informed financial decisions. However, they caveat that the tools are only effective and efficient for consumers who have embraced technology.

- In **New Zealand**, even before lockdown the CFFC quickly published content on its existing website24, and developed a three-pillared strategy for dealing with COVID-19. This consisted of immediate reassurance through TV advertising to build trust, discussion of emerging themes and concerns around the pandemic, and longer-term steps to recover and rebuild resilience. As a result, they were able to respond rapidly to the changes imposed by the pandemic including lockdown, accelerating existing programmes, designing a new webinar and training facilitators in the space of two weeks. Self-directed online courses for adults were developed and piloted and a television show was created, based on the COVID steps webinar called My Money: What Now? The TV show was hosted by a local TV personality synonymous with consumer affairs and the CFFC workplace facilitator. It was broadcast during lockdown through various media including on-demand and digital TV channels. Professional training for secondary school financial capability teachers was also moved online.

  The webinars proved to be especially popular for workplace financial education, including among the smaller companies that had been harder to engage with face-to-face offerings, and the cost of developing them was offset to some extent by the reduced travel costs for trainers to go to venues in person. They were designed to maximise engagement by using short, interactive sessions that made the most of opportunities for participants to be involved. This included the use of a ‘sticky-note’ app, for example, that allowed participants to create a virtual ideas board.

  Despite the successes, New Zealand recognised that switching to 100% digital delivery was not appropriate for some audiences and returned to face-to-face delivery for certain groups once lockdown was lifted. They also found that online learning is more tiring for the participants, and they typically have shorter attention span, meaning that a day of workshop has to be split into several short daily sessions with plenty of interactive elements. Moving forward, New Zealand


24 [https://sorted.org.nz/](https://sorted.org.nz/) also linked from the official Government site for issues related to COVID-19

plans to further explore the opportunities to use TV broadcasts and emphasise how financial capability is essential for building long-term financial resilience.

- **India** has also seen a movement towards virtual FE delivery, with the Reserve Bank of India (RBI) delivering a wide range of programmes via online platforms and social media, as well as disseminating message in local languages and dialects on regional TV and radio stations. RBI advised regional offices across the country to leverage on technology-based channels to promote financial literacy through non-physical means; as a result, regional offices also explored a variety of online platforms to provide FE to children, teachers and various self-help groups. All authorised payment systems operators and participants were also advised to undertake targeted multi-lingual campaigns by way of SMS messages, advertisements in print and visual media to educate their users on safe and secure use of digital payments.

  A questionnaire was circulated to a stratified random sample of respondents to measure the impact of the initiatives in India. Audio-video messaging was found to be particularly helpful to cater for people with low levels of literacy. However, a lack of digital literacy, poor network connectivity and lack of internet enabled smartphones limits the extent to which internet-based delivery can be relied on.

- **Indonesia** made a large-scale shift from face-to-face to online delivery through improving their digital apps, social media and web-based channels. An annual financial education program was moved online, reaching a much larger audience and greater number of financial education activities during pandemic. The Financial Services Agency (OJK) has conducted various financial education programmes through its online platforms, web and social media, and succeeded in reaching 3.85 million visitors throughout 2020 and the first quarter of 2021. Furthermore, OJK is also developing a financial literacy Massive Open Online Course (MOOC), with modules divided into 3 levels (basic, intermediate and advanced) to accommodate varying levels of financial literacy across the society.

- **Japan** has undertaken a comprehensive approach to reach a wide audience. Tailored online seminars and opportunities to exchange opinions have been launched for different investment communities and university students have been targeted through reformatted online financial literacy courses, offered in real-time and on-demand. An annual financial literacy symposium has also been moved online, reaching a much larger audience of 1500 participants. TV has also been used to reach less-digitally minded seniors, with a daily broadcast warning of scams and fraud aired during the popular morning news. Alongside this, the capacity of the Financial Services Users Office has been increased to handle almost twice as many enquiries.

  As a result of the increased visibility of financial education in Japan, new players such as news agencies are showing an interest in being more involved. Steps are also underway to engage new financial education stakeholders and to improve the delivery methods to reach new learners using engaging tools such as online quizzes, short videos and life-time financial management simulators to reach younger audiences.

  Japan is also committed to data and evidence and plans to undertake a large-scale survey to better understand how people’s behaviour and attitudes have been changed and continue to evolve as a result of the COVID-19 crisis. Academic analysis will provide valuable information that can be used to better tailor financial education in the future.

- **Malaysia**, a wide range of delivery channels have been used to provide information, advice and guidance, such as website updates, social media postings, Facebook live (video) sessions, online learning, instant messages, email and public service announcements. Infographics, short videos and TV crawlers have been employed to appeal to a wide audience, and TV and radio interviews in various languages and local dialects of the regions have helped to reach people without access to digital tools.

- **The Philippines** Central Bank has developed a chatbot to provide answers to financial consumer protection issues in three languages (Tagalog, English and Taglish). The chatbot, known as BOB
As a result of the pandemic, Thailand has pushed forward a two-year project to develop a digital platform to promote financial literacy. Social media and websites are being used to provide vulnerable borrowers with information about how to get help and counselling, how to restructure debt and how to manage money through financial hardship. The financial services sector and not-for-profits are also working together to provide vital support. For example, Barclays has partnered with global charities and grassroots organisations in Australia; Hong Kong, China; India; Japan; Singapore to provide critical COVID-19 relief packages with a particular focus on vulnerable groups and children. Prudence Foundation (the community investment arm of Prudential) has partnered with Ministries of Education and the not-for-profit youth organisation Junior Achievement to extend and adapt its existing Cha-Ching programme in Asia (and elsewhere). The aim is to support parents with school-age children at home during the pandemic to provide financial literacy lessons, an approach which has been found to benefit both the adults and the young people. In the Philippines, the Cha-Ching Curriculum has been adapted in collaboration with the Department of Education and distributed through radio and TV to support home learning. In parallel, a teacher accreditation programme has been launched by Prudence Foundation to ensure that teachers are well-prepared to teach financial literacy in school.

Helping consumers avoid scams

Regulators from across Asia-Pacific, including Australia; China; India; Indonesia; Japan; Korea; Malaysia; New Zealand and Singapore, reported that they have issued COVID-19 related scam warnings. In some cases, general warnings have been provided to alert consumers to the approaches typically taken by scammers; elsewhere specific warnings have provided details of an active scam. Almost all economies providing warnings have posted information on their own website. Other approaches include sharing information through police websites and popular social media channels.

In Australia, for example, the Government is attempting to reduce the risk of people falling foul of scams misrepresenting as government bodies by promoting scam awareness information online via the Australian Taxation Office and Services Australia and encouraging reporting to the Australian Competition and Consumer Commission’s Scamwatch. In New Zealand, the FMA published warnings to consumers about investment scams exploiting market conditions and uncertainty due to the COVID-19 pandemic. In India, warnings have been shared via the RBI website, Facebook, and the complaints portal, educating people on the safe use of DFS and the risk of cyber fraud, and warning of specific issues such as fraudulent messages offering to help individuals secure concessions from their banks. In Malaysia, the Securities Commission carried out an anti-scam awareness campaign on the main TV channels in April 2020, to remind the public not to fall prey to scam, and aired a series of videos on all TV channels from December 2020 to March 2021 in collaboration with the Ministry of Communications and Multimedia.

Approaches by sector

Maintaining access to credit and household creditworthiness

Various measures have been implemented to maintain access to necessary credit for households, and to reduce the likelihood of both default on existing borrowing and the possibility of weakened credit scores.
from delaying repayments. Together such approaches are intended to identify and prevent the negative consequences of missed payments, help households manage cash flow, and maintain lenders’ willingness and ability to provide credit.

Some public authorities are acting as intermediaries between consumers and providers, and some have mandated provider responses. Examples include offering guidance and setting up coordinating mechanisms to ensure that borrowers can access funding (Hong Kong, China), offering full or partial loan guarantees (Australia; Hong Kong, China; Philippines), and mandating a code of conduct for commercial tenancies (Australia). In China, lenders have been encouraged to allow flexible consumer credit repayments, particularly for customers who were hospitalised due to COVID-19, quarantined or participating in epidemic control and prevention, and those whose income was temporarily reduced. In Singapore, consumers who are on Debt Consolidation Plans can apply for an extension of up to 5 years, and those who have lost 25% or more of their income and are 30 to 90 days overdue on their repayments of revolving unsecured credit facilities can request to convert them to term loans with an effective interest rate capped at 8%.

In some jurisdictions, FE initiatives have been introduced to help individuals and households to manage their credit commitments and access support where needed, such as campaigns developed by the New Zealand Safer Credit and Inclusion Strategy to warn potential borrowers away from predatory lenders (see also subsection ‘Providing Timely Information, Guidance and Warnings’).

Steps have also been put in place to reduce the financial stress of credit users during the pandemic. Typical approaches offer suspended loan repayments, changes to the terms and conditions that are favourable to the consumer, and suspension of debt collection. Examples include relaxed terms and deferred repayments for various loan types, sometimes including mortgages and term-loans (Cambodia; Hong Kong, China; India; Japan; Singapore; Viet Nam), changes to credit card terms, including reduced minimum payments and late fee reduction or waiving (Australia; Hong Kong, China; Indonesia) and flexible responses to consumer requests and lending criteria (Australia). In March 2020, Cambodia introduced various steps to reduce the burden of debt whilst maintaining stability, including loan restructuring and fee waiving. The concessions are in place until mid 2021. In China, many banks also chose to suspend debt collection activities on overdue loans during the peak of the epidemic. In Indonesia, a loan restructuring programme due to run until the end of March 2022 allows financial institutions to lower interest rates, extend repayment periods, reduce arrears, and top up existing loans for those adversely affected by the pandemic whilst maintaining the borrowers’ credit worthiness. With credit worthiness unaffected, financial service providers are not obliged to hold additional reserves. This scheme has already restructured 48.5% of total financing, across 182 financial service providers.

It should be noted that reducing the burden of credit and bank charges is not without challenges, and in some economies a lack of understanding of the credit moratorium has led to an increase in customer complaints, and more consumers are going straight to the regulator, rather than first speaking to their FSP. There have also been issues reported when credit providers have failed to put in place supporting changes such as freezing both automatic payment collection and debt recovery, or have flagged borrowers who have been affected by the pandemic as bad payers. There have also been concerns that some consumers have misunderstood the process of accessing short-term relief and making up payments later.
Box 3.3. Regulatory support for financial service providers

Regulators have sought to support the financial services industry during the pandemic by delaying the implementation of new rules and certain reporting requirements, and in some cases by relaxing Know Your Customer (KYC) requirements.

Policy measures to support FSPs include temporarily reducing the regulatory burden in terms of liquidity requirements or bank capital ratios (Australia; Cambodia; Hong Kong, China; Papua New Guinea; Philippines), deferring Basel III requirements (Hong Kong, China), and allowing lenders to recalculate borrowing power (India). Reduced interest rates are also being used to encourage continued lending (Cambodia; Papua New Guinea; Philippines).

The SFC in Hong Kong, China introduced several temporary relief measures. For example, the deadlines of three regulatory expectations that were due for implementation in 2020 were extended by six months in light of the pandemic. In Australia, ASIC wrote to responsible entities of registered managed investment schemes about their legal obligations and duties and informed them that relief from regulatory requirements may be available if a scheme becomes non-liquid. ASIC also extended the deadline for reports and compliance audits that were due at the beginning of 2020. In Indonesia, OJK extended the deadlines twice in April and September 2020 for financial services providers to report on their quarterly consumer complaint handling activities.

Supporting micro, small and medium-sized enterprises (MSMEs)

In addition to efforts to maintain access to credit and reduce the burden of repayment for households, policy makers have also developed responses to support MSMEs.29

Various policies have been put in place to facilitate access to new lines of credit and support liquidity. Banking institutions in China, for example, have been encouraged to increase credit availability, lower interest rates and increase borrowing limits on a case-by-case basis. They were also asked to negotiate deferred repayments for existing SME borrowers - typically until 30 June 2020 - and implement automatic extensions or rollovers for businesses in Hubei Province.

In Japan, the Government owned Japan Finance Corporation has put in place the ‘Novel Coronavirus-related Special Loan Program’. Japan Financial Services Agency (JFSA) has been encouraging lenders to make businesses aware of this opportunity and offer support to apply for a loan, if relevant. JFSA has also required lenders to develop a system to provide businesses with interest free and unsecured loans in close cooperation with the relevant local governments, the Small and Medium Enterprise Agency and others.

In Indonesia, OJK developed a pilot for digitizing its financing scheme “People’s Business Loan” and developed a digital marketplace platform called “UMKM-MU” to open market access and financing for businesses in areas affected by the pandemic. Moreover, a working group called the Team for Acceleration of Regional Financial Access (TPAKD), composed of regional government representatives, regional representatives of Bank Indonesia and OJK, and relevant stakeholders, was created. The working group aims at optimizing the existing financial services and products, strengthening the financial access infrastructure, financial literacy development, and technical assistance, to develop MSMEs, start-up businesses and finance the development of priority sectors, with the objective to encourage regional economic growth.

---

29 The focus of this report is on policy responses of relevance to micro and small enterprises. The reporting typically applies the term used by the organisation giving the response (SME or MSME).
India has taken action to maintain or improve access to credit across a variety of sectors, including small and marginal farmers. Co-lending and incentive schemes have been used to increase credit flow alongside bank targets based on the percentage of net credit.

In the Philippines, reserve requirements for banks have been cut by 200 basis points; in return the banks must make new MSME loans available.

Singapore has also put a scheme in place for SMEs to benefit from lower interest rates on loans obtained under Enterprise Singapore (ESG)’s Enhanced Enterprise Financing Scheme – SME Working Capital Loan and Temporary Bridging Loan Programme (ESG Loan Schemes). The Monetary Authority of Singapore (MAS) provided participating financial institutions with lower-cost funding to support their lending at lower interest rates to SMEs under the ESG Loan Schemes. Some SMEs with business-related assets in Singapore that are being used as security (commercial or industrial property, plant, machinery, or fixed assets) were also protected from the consequences of default until 19 October 2020.

In Thailand, financial institution liquidity has been supported via a six-month interest free period and a low interest rate of 2% per annum to increase SME credit. The scheme has supported over 74,000 businesses, 76% of which were micro-enterprises. Steps have also been put in place to reduce the risk of invoice loans for lenders. A database has been developed to digitalise invoices and check identification to make sure that an invoice has not been used more than once and reduce the risk of fraud.

Viet Nam has developed policies to support agriculture and rural enterprises through access to unsecured loans and foreign currency loans. These are intended to encourage firms to remain in the agricultural value chain, support exports and make full use of digital solutions, thus supporting the economy more broadly.

Micro-enterprises in various jurisdictions, including Australia, India and Singapore have been given the option to defer capital repayments or interest on loans and working capital facilities during the pandemic. In Thailand, SMEs were allowed to pause both the principal and interest payment on smaller loans (of up to 100 million THB) for 6 months, and in some economies, such as India and Hong Kong, China, SMEs have been given the opportunity to restructure their loans.

**Recognising the importance of insurance**

Insurance is an important tool in building financial resilience and, given the impact of the COVID-19 pandemic on people’s lives, it is inevitable that many consumers will have recourse to their insurance policies. Conversely, as income falls, insurance premiums may be treated as discretionary spending by those households facing extreme financial stress. As a result, insurers and policy makers in the Asia-Pacific region have put in place a number of policies and actions designed to inform consumers and SMEs about the options available, and help them to access and maintain insurance policies and make claims where relevant. They have focused on the fair treatment of consumers making claims and ensuring that those who need cover have access to appropriate policies, sometimes even in the event of missed payments or high-risk.

**Accessing and maintaining insurance cover**

The Australian Financial Services Council announced that members would not prevent frontline health workers and others in high-risk categories from obtaining life insurance purely because of their exposure (or potential exposure) to COVID-19. Neither would they charge higher premiums, or apply a COVID-19 exclusion clause.

In China, many insurance companies voluntarily offered free insurance policies to frontline staff during the epidemic, and insurance companies were encouraged to develop new products that met the challenges of the epidemic and conformed to business principles.

In Hong Kong, China, temporary measures were put in place to ensure that consumers could buy insurance products remotely. Upfront disclosure and an extended cooling off period of at least 30 days was used in place of the usual needs assessment. Initially these measures covered qualifying Deferred Annuity Policies...
and the Voluntary Health Insurance Scheme, both of which are eligible for tax deductions. This was later expanded to cover various insurance policies, including medical and critical illness, personal accident, disability or long-term care cover.

In some jurisdictions, consumers have been given additional time to pay insurance premiums without losing their cover. These arrangements have either been required by regulators or offered by the insurance companies themselves. Some insurers in Hong Kong, China for example, have offered their customers grace periods for premium payments and in Korea some insurers are allowing delays in premium payments of up to 6 months, whilst in India, an additional 30-day grace period was introduced by the regulator in March-April 2020. Japan FSA requested insurance companies to implement a grace period for both payments and renewals, in particular, because of restrictions to face-to-face meetings and in-person document signing.

In Singapore, individuals and SMEs have been given the option to apply to convert their insurance premiums into instalments, whilst individuals could also ask their insurer to defer premiums for their life and health insurance policies for up to six months while maintaining insurance protection.

Insurance has also been extended in some cases. In China, insurance companies were encouraged to assess on a case-by-case basis, whether it would be appropriate to extend the term for insurance relating to vehicles that had ceased operating during the epidemic period.

Honouring claims, and providing additional benefits

In many of the jurisdictions responding to the G20/OECD FCP questionnaire, the insurance industry has been encouraged or required to process claims related to COVID-19 as quickly as possible and make prompt payments for legitimate claims (including, for example, in Australia, China, India, Japan, Korea).

Some insurers in Australia announced that they would not be invoking pandemic exclusion clauses in life insurance policies. In Japan, the FSA asked insurance companies to consider flexible interpretation and application of policy conditions, and to revise the policy conditions if necessary. Insurers in Singapore clarified that personal and group health insurance policies would cover hospitalisation expenses related to COVID-19.

Insurance companies in China were required to accept insurance claim reports 24 hours a day and prioritise customers affected by the epidemic or infected with COVID-19. They were also expected to implement a full compensation principle in such cases. Life insurance companies were also encouraged to expand the scope of their insurance on a controllable risk basis.

Individual insurers in Hong Kong, China have offered various benefits such as expanded medical coverage and relaxed hospital restrictions, simplified and expedited claim procedures, hospital cash benefit, death benefit and other concessionary benefits. In Singapore, insurers also extended additional benefits to life insurance policyholders, employees and financial representatives diagnosed with COVID-19, such as complimentary lump sum payments upon diagnosis, as well as a daily cash payment for the duration of hospitalisation. Some insurers partnered with banks to extend these additional benefits to the banks’ customers.

In India, insurers have been mandated to offer settlement options for maturing market-linked policies over a period of 5 years rather than as a lump sum.

Protecting investors

Financial resilience can be significantly impacted by market fluctuation and the uncertainty created by the pandemic. Whilst investors need to understand the risks inherent to investing, some protection is available, and steps have been taken to maintain financial stability. In Korea, for example, measures were put in place to prevent panic trading as worldwide stock prices fell, including a fund to stabilise the securities market, a ban on short selling, an easing of the limit on daily buying volume of treasury stock of listed companies, and a waiver on the maintenance requirement for collateral.
In Hong Kong, China, the Securities and Futures Commission (SFC) took steps to ensure the orderly operation of the markets and encouraging efforts to maintain ‘business as usual’ in relation to regulatory obligations. The industry has also been reminded of their obligations to look after the interests of their clients. At the same time, the Hong Kong Monetary Authority (HKMA) has allowed banks flexibility and offered support so that they can continue to meet the needs of their retail investment clients through non-traditional channels such as video conferencing. Guidance has also been provided to relationship managers to identify acceptable ways for them to receive investment instructions from their clients and maintain appropriate records under the work-from-home arrangements. In addition, there has been a particular focus on ensuring that consumers are properly informed and that the products they choose meet their requirements through the application of suitability tests.

**Managing access to retirement savings**

In some jurisdictions policy makers have included the management of pension savings in their response to COVID-19. In Australia, the minimum percentage that must be withdrawn from a superannuation by retirees has been reduced, although retirees can continue to withdraw more than the minimum if they choose. This provides retirees with the option to preserve more capital in their pension, reducing the impact of the market downturn. In addition, working age adults have been given the possibility of accessing funds from their superannuation on compassionate grounds if they are affected by COVID-19. The rules included allowances for temporary visa holders, including over 8,000 medical professionals, the option to access up to 10,000 AUD whilst citizens of Australia and New Zealand and permanent residents of Australia experiencing financial hardship were given the possibility of accessing up to 20,000 AUD subject to meeting certain criteria relating to work status and income or receipt of certain allowances.

Indonesia made provision to postpone life cycling of defined contribution pension plans for up to one year for participants between 2 and 5 years into retirement age because of falling markets.
4. Conclusions and policy considerations

Policy makers in Asia-Pacific have shown flexibility and adaptability in their approaches to protecting and supporting consumers during the COVID-19 pandemic. They have responded rapidly to the crisis in order to maintain trust and stability within the financial system and buttress the financial resilience of their populations. This has happened at the same time as the pandemic has resulted in significant changes in people’s working environment and lives more broadly.

Consistent with policy guidance developed by the OECD and others offering suggestions on addressing the crisis including Financial Consumer Protection responses to COVID-19: Support for financial consumers and Supporting the Financial Resilience of citizens throughout the COVID-19 crisis, emergency initiatives have been developed to inform and protect financial consumers, and many have been targeted to support those with the least financial resilience (OECD, 2020; OECD, 2020).

Policy makers have taken steps to ensure that the principle of fairness continues to be upheld in all interactions between FSPs and their customers. New schemes have been developed to facilitate access to credit for those who need it and credit providers have been encouraged or required to avoid widespread defaults and instability by offering moratoria on repayments or interest. In some economies, MSMEs have also been given the option to defer repayments or restructure loans, access credit where needed, and protect assets in case of default.

Some policies in Asia-Pacific have been aimed at reducing the cost of using financial products and services during the pandemic, including trying to minimise any fees and fines associated with bank accounts and payment facilities. Others have focused on protecting holders of certain types of products by, for example, maintaining insurance coverage, protecting retirement savings from market fluctuations and providing consumers with access to their funds where necessary.

Efforts have been made to widely disseminate information about the emergency policies that have been implemented and the protection available. Various communication channels have been used to offer consumers suggestions on using DFS and managing finances in these difficult times, as well as tips to avoid fraud and scams. Such communications have often been the first visible policy response from financial policy makers since they are quick to implement.

The policy approaches have supported many financial consumers, but challenges remain, with potential implications now and in the future. Despite the rapid introduction of beneficial policy interventions, it is inevitable that some households and MSMEs will face negative long-term consequences of the pandemic, including those who already had low levels of financial resilience and those who were hardest hit by the consequences. Some policy initiatives developed at the start of the crisis are likely to be continued through 2021 to minimise negative outcomes.

Even once the immediate crisis subsides, it will take time for households to rebound, find new or better paid work, rebuild their savings buffer, renegotiate and repay their credit commitments or catch up on missed bills. Children and young people will need significant support to ensure that they have the necessary level of education and skills to find rewarding work and support themselves in the future. Seniors who were negatively impacted may find it particularly difficult to get back on their feet and may also need to develop new skills to operate in an increasingly digital world. Businesses may also require continued
interventions to help them overcome the financial consequences of the pandemic and start to trade again in uncertain times.

Policy makers will therefore need to ensure that their ‘exit strategy’ from the emergency state includes ongoing protection for those who have made use of the crisis facilities on offer. For example, they may need to take steps to ensure that financial service providers do not compound unpaid interest or charge back-dated fines to those who cannot immediately return to previous repayment schedules. Consumers may also become more vocal in arguing that the pandemic has created an important precedent, and they should not be punished for unexpected financial consequences of events outside of their control in the future, or be excluded from certain financial products because of unavoidable illnesses or circumstances.

Policy considerations

Drawing on the experiences of authorities responding to OECD questionnaires, the available evidence and recent research identified in the literature review for this paper, the following policy considerations are put forward for economies in Asia-Pacific to consider now and in the future. They relate to rebuilding financial resilience with a view to going beyond short term emergency measures and preparing for future potential crises. Given the way in which financial services continue to evolve and the huge task of rebuilding the economy, a multi-stakeholder approach is likely to be necessary. However, in keeping with the rest of this report, the focus below is on the role of financial policy makers.

**Treat this crisis as a learning opportunity**

Policy makers stand to learn a lot from reviewing the impact of the approaches taken during this crisis to see whether they were appropriate, adequate, and effective. Depending on the data available it may be possible to analyse changes in financial resilience over the course of the current crisis and identify whether more could have been done for certain groups. It will be important to continue monitoring the impact of the economic crisis and of the related policy measures on individuals’ financial resilience. For instance, the OECD/INFE Toolkit to measure financial literacy and inclusion, which also covers elements of financial resilience and financial well-being, provides a useful starting point to understand consumers’ behaviour, perceptions and skills. Data collected before the crisis could provide a useful baseline to track changes in financial behaviour and outcomes (OECD, 2018; OECD, 2020).

The results of impact reviews or studies of financial resilience may help to garner support from both policy makers and the public to update or extend long-term strategic approaches towards FCP and FE. The timing is ideal, with momentum created by the pandemic potentially making it easier to create lasting behaviour change and financial resilience in the future. In this regard, existing guidance such as the G20/OECD High-Level Principles on Financial Consumer Protection (OECD, 2011) and the OECD Recommendation on Financial Literacy (OECD, 2020) can already be drawn on to develop and adapt mechanisms to protect consumers, improve financial literacy and rebuild financial resilience.

The lessons learned from the crisis could inform the development of emergency action plans and longer term policies to strengthen the financial resilience of financial consumers ahead of future crises.

**Aim high, and remain committed to protecting the most vulnerable**

Rebuilding and enhancing financial resilience, with special attention to the needs of the most vulnerable, is among the policy priorities of global and regional fora. In June 2020, the G20 Global Partnership on Financial Inclusion (GPFI) issued a Statement of COVID-19 Response, noting that combating the negative impact of COVID-19 would require the promotion of responsible access to financial services and products
and to improve financial consumer protection and financial literacy, with primary focus on the underserved, vulnerable groups, and small- and medium-sized enterprises.\textsuperscript{30}

The G20 priorities, under Italy’s presidency in 2021, refer to the importance of

“tackling the health and economic crisis in the short run but also looking beyond, and shaping a sustainable, just, inclusive and resilient recovery. [...] Building a more inclusive global society implies protecting the most vulnerable, above all young people, precarious workers, small and medium enterprises; promoting women’s empowerment; ensuring universal access to education; redistributing opportunities within countries and decreasing disparities between regions.”\textsuperscript{31}

As indicated by Jacinda Ardern, the Prime Minister of New Zealand which holds the Chair of APEC in 2021, the pandemic has created an opportunity to identify ways of improving policies in the region.

“In the wake of the unprecedented health and economic crisis caused by COVID-19, it is clear that the immediate economic response to COVID-19 will dominate APEC discussions in 2021, but as we work to recover we also need to focus on building back better”.\textsuperscript{32}

The aim of global and regional fora, and national policy makers, is already geared towards supporting a more inclusive financial services sector and bolstering households’ financial resilience in the face of changing personal circumstances. Timely FCP frameworks, FE policies and approaches to financial inclusion can ensure that they continue to be appropriate and adaptable and that they support individual financial well-being, and overall inclusive and sustainable development.

Some of the policies that have been put in place during the crisis may be worth maintaining into the future for the benefit of all consumers or applying in times of consumer need to support those in vulnerable situations. New or revised policy responses can also be considered across all sectors of the financial services industry where pressure points are likely to remain or arise. For example, the increased thresholds on contactless payments and reduced cost of electronic transactions may remain beneficial both to maintain more hygienic payment methods and to increase flexibility for consumers and merchants. Flexible FCP approaches can be tailored to support the short-term needs of consumers experiencing financial difficulty, taking into account longer term risks and their likely future financial position. For example, flexible approaches to debt collection, credit reporting and insurance premium payments could be maintained within certain parameters. New policies could facilitate access to emergency social loans, with longer-term follow-up to ensure that credit is repaid and savings are prioritised once things stabilise.

Some people are more vulnerable than others, and may be particularly concerned about the removal of protection and guidance that has been put in place during the pandemic. With the intention to aim high, selected successful policies could be maintained to improve the financial resilience of specific segments including youth, women, seniors, micro-entrepreneurs and those with chronic health complications or disabilities, as well as people that were badly impacted by the crisis and have become financially vulnerable as a result. Depending on national circumstances this may include (but not be limited to) migrants and their families, those who recently become unemployed and people with disabilities or poor health, including those suffering from mental health issues.

\emph{Continue to inform, guide and educate consumers in a timely manner}

Financial policy makers and authorities recognise the value of regular announcements and guidance on financial matters and have put such communication to good effect during the crisis. Now that consumers know where to find the information and guidance that has been developed, there is real value in continuing to use the existing dissemination channels to share updates. These could include information on actions


\textsuperscript{31} https://www.g20.org/people.html

\textsuperscript{32} https://www.apec.org/Press/News-Releases/2020/1211_ISOM
they should take to benefit from policies in place, suggestions for ways to avoid financial difficulties and warnings against fraud and scams. Continuing communication and education efforts will likely to be especially important as emergency relief measures will be phased out, to explain consumers how the reduction of government support will impact their finances and how they should adapt their financial behaviour in ways that will continue to ensure sufficient financial resilience.

Some economies report that consumers have actively sought financial information and FE during the pandemic. It will be important to maintain these consumers engaged as they continue to improve their financial literacy. A multi-layered approach that allows people to start with high-level information and develop deeper understanding where needed may encourage longer term engagement and learning, by promoting ‘quick-wins’ and longer-term commitments to improvement. Guidance on the use of behavioural insights may also be beneficial to improve the effectiveness of financial education messages and initiatives, such as the recent study from IOSCO and the OECD ‘Application of Behavioural Insights to Financial Literacy and Investor Education Programmes and Initiatives’ (IOSCO and OECD, 2018).

The crisis has also highlighted the benefit of two-way communication channels to build consumer trust and offer valuable insights about common concerns and misunderstandings. These could potentially be expanded to create opportunities for ordinary consumers to provide input into future policies, possibly through citizen panels or consumer roundtables.

**Capitalise on the benefits of digitalisation**

Digital financial services and digital information and education tools were already relatively widespread before the pandemic and whilst they have filled a vital role during lockdowns, they are set to remain important when social distancing rules are relaxed. Building on the increased take-up of digital financial services and digital information and education tools could potentially engender long-term, sustainable financial inclusion and expand alternatives to face-to-face financial service provision.

A range of high quality policy guidance is available to help develop initiatives to reduce the digital divide in the take up of digital financial services, including the G20 High-Level Principles for Digital Financial Inclusion, the G20/OECD Policy Guidance on Financial Consumer Protection Approaches in the Digital Age, and the G20/OECD INFE Policy Guidance on Digitalisation and Financial Literacy (OECD, 2018; OECD, 2018; G20, 2016).

Across Asia-Pacific policy makers have sought ways to support consumers using DFS and e-payments for the first time, and it is likely that this support will continue to be valuable in the short- to medium-term. It could also be combined with continued use of G2P payments to create familiarity and habit among regular recipients, and showcase the convenience, safety and reliability of digital payments to the wider public. E-payments can also reduce transaction costs and improve security for G2P payments, providing ongoing benefit. Efforts to create a digital proof of identity could also continue to facilitate financial inclusion and future emergency payments.

Increased digitalisation is not without its risks. In addition to the accentuated possibility of falling victim to fraud and scams, consumers also need to be aware of risks to their data. Fortunately, policy makers have a range of information available to them to make sure that embracing digitalisation without creating consumer detriment (G20, 2020; G20, 2020; OECD, 2018; OECD, 2020).

Policy makers could continue to leverage on digital financial education initiatives to support the safe use of digital financial services, strengthen financially resilient behaviours, and help consumers avoiding financial fraud and scams through online access to tailored information via chatbots and online financial education (see for example (OECD, 2021). This may require ensuring that existing and new competency frameworks incorporate digital financial literacy, as illustrated in the G20/OECD INFE Policy Guidance on Digitalisation and Financial Literacy (OECD, 2018).

Capitalising on digitalisation should not come at the cost of increased exclusion among certain groups. A comprehensive approach will identify ways of supporting vulnerable households and micro-entrepreneurs without access to digital financial services and tools. This may include continuing fostering digital skills and
digital access among groups in need, or provide non-digital options for some time to come. Consideration could also be given to expand reach by providing interest free loans or discounts to purchase hardware to certain customers and small businesses, or developing user-friendly apps that can be used on readily available hardware. Agent services are also likely to remain important in this regard, possibly disseminating information and encouraging take up in remote communities.

**Next steps**

The current crisis has demonstrated that policy makers in Asia-Pacific have a range of tools available to help them develop policies to reduce the negative impact of major external shocks such as the COVID-19 pandemic. They are encouraged to continue to share information and provide examples of good practices to facilitate efficient cross-fertilisation of ideas and opportunities for shared learning. With this in mind, the G20/OECD Task Force on FCP launched a follow-up questionnaire in the first half of 2021 to provide new information on effective approaches during the pandemic and the longer-term implications regarding consumer protection and financial inclusion. Data from this survey will be incorporated in a report developed on behalf of the G20/OECD Task Force on FCP and the Global Partnership on Financial Inclusion (GPFI) to be delivered to the Italian G20 Presidency.

Similarly, the OECD/INFE has launched a new workstream on financial resilience, which will start by exploring the role of digital financial literacy in supporting financial resilience and transformation. Moreover, the OECD/INFE will coordinate and participate in a G20 survey on the financial literacy of MSMEs and the impact of COVID-19. The outputs of both workstreams will also be delivered to the Italian G20 Presidency.

The OECD will also continue to focus on the impact of the COVID-19 crisis on financial resilience in Asia-Pacific by examining consumers’ experience of COVID-19 policy measures implemented in selected Asia-Pacific economies with a view to understanding how well they were understood and taken up by consumers, their impact on protecting consumers’ financial resilience in the face of the pandemic, and longer-term changes to consumer behaviour as a result. This research will complement the analysis of FCP and FE policy responses contained in this report.

Overall, the outputs of these work streams are expected to continue advance knowledge and understanding of the challenges raised by the pandemic and provide policy suggestions to help economies in Asia-Pacific and beyond, withstand the COVID-19 economic crisis and “build back better”.


Mastercard. (2020, June 22). In stores or on the couch, Asia Pacific consumers shift rapidly to digital commerce and show no signs of turning back. Retrieved from Engagement Bureau.

FINANCIAL CONSUMER PROTECTION AND FINANCIAL LITERACY IN ASIA IN RESPONSE TO COVID-19 © OECD 2021


